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FM SECSTATE WASHDC  
TO AMEMBASSY BEIJING IMMEDIATE  
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CDR USPACOM HONOLULU HI PRIORITY

S E C R E T STATE 028998

E.O. 12958: DECL: 03/07/2017  
TAGS: PREL PARM ETTC CH IR SY

SUBJECT: DEMARCHE CONCERNING ISNA SANCTIONS ON CHINESE CONVENTIONAL ARMS TRANSFERS TO IRAN

REF: STATE 26950

Classified By: EAP DAS Tom Christensen.  
Per reasons 1.4 (b) and (d).

SUMMARY

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¶1. (S/NF) This is an action request. Please see paragraph ¶4. We want to inform the Chinese government that, under the Iran and Syria Nonproliferation Act (ISNA), sanctions may be imposed on two Chinese companies, NORINCO and China Shipbuilding Industry Corporation (CSIC), for providing Wassenaar Arrangement-controlled items and assistance to Iran. The ISNA requires regular reports to Congress identifying individuals and entities who have transferred to or acquired from Iran or Syria certain items related to weapons of mass destruction, ballistic or cruise missiles or advanced conventional weapons, and also authorizes the imposition of sanctions. Post is requested to convey the points below to the Government of China at the earliest appropriate opportunity and to solicit responses. END SUMMARY.

BACKGROUND

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¶2. (S/NF) Under the Iran and Syria Nonproliferation Act (ISNA), now modified to include North Korea and renamed the Iran, North Korea, and Syria Nonproliferation Act (INKSNA), we are required to provide a semi-annual report to Congress identifying foreign persons as to whom we have "credible information indicating" the person transferred to or acquired from Iran, North Korea, or Syria a) equipment and technology listed on multilateral export control lists (Australia Group, Chemical Weapons Convention, Missile Technology Control Regime, Nuclear Suppliers Group, Wassenaar Arrangement); b) items of the same kind as those on multilateral lists, but falling below the control list parameters (when it is determined that such items have the potential of making a material contribution to WMD or cruise or ballistic missile systems); c) other items with the potential of making such a material contribution, when added through case-by-case decisions; or d) items on U.S. national control lists for WMD/missile reasons that are not on multilateral lists. Under the ISNA, sanctions may be imposed on the persons identified in the reports.

OBJECTIVES

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¶3. (S/NF) In the interest of transparency, strengthened dialogue, and enhanced cooperation on nonproliferation matters, we want to inform Chinese authorities of the activities by two Chinese entities that may lead to the imposition of ISNA sanctions and to encourage the PRC to take all appropriate measures to halt any further such transactions by these firms.

ACTION REQUEST AND REPORTING DEADLINE

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¶4. (S/NF) Post is requested to convey the points in this demarche at the earliest appropriate opportunity and to report on the Chinese response.

TALKING POINTS

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¶5. BEGIN TEXT OF TALKING POINTS (S//REL CHINA)

-- As we implement U.S. laws concerning transfers of certain controlled items to specific countries, we are seeking to enhance our nonproliferation dialogue and cooperation with China. Our hope is that an enhanced exchange of information, including on arms transfers that have triggered U.S. sanctions, will facilitate increased cooperation and mutual transparency.

-- You will recall that, under the Iran and Syria Nonproliferation Act (ISNA), we are required to provide semi-annual reports to Congress identifying foreign persons (individuals and entities) as to whom there is "credible information indicating" the person transferred to or acquired from Iran or Syria items controlled by one of the multilateral control regimes (Wassenaar Arrangement, Nuclear Suppliers Group, Australia Group, MTCR), or other items with the potential to make a material contribution to WMD, or ballistic or cruise missile systems. Under the ISNA, sanctions may be imposed on the persons identified in the reports.

-- As you are aware, the United States is particularly concerned about such transfers to Iran at a time when our two governments are working together at the UNSC on the Iranian nuclear issue.

-- We would like to make you aware of certain transfers of Wassenaar-controlled items and assistance to Iran that may trigger the China, Iran, and Syria Nonproliferation Act sanctions on Chinese entities. We welcome any information on actions your Government may have taken or plan to take to halt these transfers or subsequent proliferation to Iran by these firms.

-- The following entities may be sanctioned under the Iran and Syria Nonproliferation Act for providing Wassenaar-controlled items and assistance to Iran: NORINCO and China Shipbuilding Industry Corporation (CSIC).

-- We also understand that NORINCO shipped a large quantity of 7.62x39mm armor piercing ammunition to Iran in January 2006 aboard the cargo vessel Iran Yamin.

-- We have information that the Chinese firm NORINCO shipped a large quantity of 7.62x39mm armor piercing ammunition to Iran in April 2006 aboard the cargo vessel Iran Nabuvat.

-- We further understand that NORINCO shipped a large quantity of 7.62x39mm armor-piercing/armor-piercing incendiary ammunition to Iran in April-May 2006, probably on board the cargo vessel Iran Bushehr.

-- We also have information indicating that China Shipbuilding Industry Corporation (CSIC) delivered six 14-meter guided-missile patrol craft to Iran in January 2006 on board the cargo vessel Iran Yamin and four more, plus two fire control systems, in June 2006 aboard the cargo vessel Grant Star.

END TALKING POINTS.

¶6. (U) Post's assistance in this matter is appreciated.  
RICE

NNNN

End Cable Text